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FAR EAST

25X1

1.	USSR probably controls Korean air war from Mukden:
25X1A	The US Air Force believes that the USSR probably exercises over-all command control over enemy air combat operations in Korea from a combined Soviet-Chinese-Korean air
	headquarters located in Mukden.
25X1	
	Comment: This comb ined headquarters at Mukden presumably commands the jet fighter units of the Chinese, Korean and Soviet Air Forces based at combat airfields in the Antung area
2.	Burmese rebel leader reportedly recruiting in China:
25X1A	An estimated 5,000 Kachins and "Sino-Shans" who attended a recent Chinese Communist-sponsored festival at Paoshan, near the Sino-Burmese border, were urged by Naw Seng, the Kachin rebel leader from Burma, to join his forces. Volunteers
	were promised military training before an invasion of Burma scheduled "in the near future."
	Comment: Naw Seng's long refuge in China is an irritant in Sino-Burmese relations, particularly because of the patent insincerity of Peiping's Embassy in Rangoon when approached on the matter by Burmese authorities.
	Naw Seng's impending return to Burma has often been reported over the past year.

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NEAR EAST - AFRICA

3,	American	Ambassador	in	Cairo	assesses	Egyptian	situation:
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25X1A

The new cabinet of Prime Minister Hilali can give Egypt a good government only if Great Britain offers major concessions on the Suez base and Sudan issues, according to the American Ambassador in Cairo. The opposition of the strong Wafd Party to the new government will make it more difficult for Hilali to accept Western terms than it was for the previous

cabinets under Ali Maher and Nahas Pasha.

Meanwhile the American Ambassador in London reports that the British Government will for the present wait to see how the situation develops. Britain does not wish to act quickly lest the Egyptian Cabinet be accused of being a "British creature." The British also feel that Egypt must first cope with the Wafdbefore it can tackle Anglo-Egyptian negotiations.

Comment: While the new Egyptian Premier is a stronger personality than his predecessor, his ability to meet Wafd opposition successfully over the long term depends, in large part, upon the outcome of any future negotiations with the British.

4. Tunisian official fears Arab bloc will over-extend demands:

25X1A

The Tunisian Minister of Justice, himself a nationalist, fears that the more extremist Arab representatives in the United Nations may include a request for Tunisian inde-

pendence when the problem of the protectorate is brought before the Security Council. The Tunisian nationalists themselves desire only a Security Council recommendation that France proceed with reforms leading to internal autonomy by direct negotiation with the Tunisian Government.

25X1A

<u>Comment:</u> The essentially moderate nature of the Tunisian position remains unchanged. An auxiliary demand is for the release of imprisoned nationalist leaders prior to the resumption of negotiations.

The Tunisian Ministers also are afraid that their position might be jeopardized by inaccuracies in the brief which Pakistan has agreed to sponsor and which is being prepared largely without Tunisian supervision.

	,	WESTERN EUROPE	
5.	Italian Foreign Office ex	perts pessimistic on Trieste proble	<u>m</u> :
25X1A		Italian Foreign Office specialists for a settlement of the Trieste iss Premier de Gasperi's rejection of Tito's proposal for an Italo-Yugos	ue following Marshal
	minium. The incident ha	s inflamed Italian nationalist sentim	ent.
	issue. Their view confir	Comment: This is the first comments regarding prospects for a solution ms previous indications that a settle able for the foreseeable future.	of the Trieste
6.	Gaullist regime reported	imminent in France:	25X1
25X1A	his Rally of the French Pe	one of De Gaulle's chie believes that within sixty days the 'will be in power,' at least to the cople will participate in a new gover	f advisers General

25X1

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25X1A

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Soustelle, head of the Gaullists' parliamentary group, was summoned last week-end for a conference with President Auriol, who said he wanted to see De Gaulle but feared Communist reaction.

demand the premiership as the price of permitting formation of a new government; they would, however, insist on acceptance of their program for constitutional reforms and a major French reorientation within the Atlantic alliance. There is no evidence that sufficient deputies of other parties are swinging to acceptance of the Gaullists in a coalition on these terms.

Summoning Soustelle, as the parliamentary leader of a major party, would be normal at the beginning of a Cabinet crisis.

LATIN AMERICA

	1.	American Ambassador advises delaying termination of aid to Guatemala:
25X1A		Because the United Fruit Company's dispute with the Guatemalan Government is at a crucial point, Ambassador Schoenfeld recommends that the United States delay for a few days any
		decision to terminate technical assistance programs in Guatemala. He

decision to terminate technical assistance programs in Guatemala. He feels that abrupt action by the United States at this moment would harm rather than help the company's chances of arriving at an agreement with the government.

The Ambassador suggests that if the dispute becomes more serious, measures then be adopted which could be justified on the grounds that conditions are not conducive to cooperative programs. He feels, however, that such measures are not likely to improve matters and will at best be a concession to American public opinion.

- 6 -

25X1A

Guatemala and the United Fruit Company arose from a court order that the company's properties on the Pacific coast be sold at public auction on 5 March to satisfy the back wage demand of some 3,700 workers. These laborers were suspended by the company after wind storms did major damage to the plantations last September.

The company has refused to rehabilitate the plantations without guarantees against increased labor costs during the next three years. The company can be expected to reach some agreement with the workers in order not to lose such valuable properties.